

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH *DE MINIMIS* OR NO FEE OR EXPENSE ISSUES
FOR THE THIRTY-FIFTH INTERIM PERIOD**

This is the amended final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have *de minimis*¹ or no fee or expense issues for the Thirty-Fifth Interim Period (collectively referred to hereafter as the “Applications”).²

BACKGROUND

1. Beveridge & Diamond, P.C. (“Beveridge & Diamond”), was retained as special counsel to the Debtors. Beveridge & Diamond seeks approval of fees totaling \$37,298.50 and expenses totaling \$216.14 for its services during the Application Period.

2. Bilzin Sumberg Baena Price & Axelrod LLP (“Bilzin Sumberg”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Bilzin Sumberg seeks approval of fees totaling \$54,751.50 and expenses totaling \$33,727.16 for its services during the

¹For purposes of this report, applications with *de minimis* issues are those for which: (1) our recommended reductions total less than \$100, and (2) the applicant has agreed to our recommended reductions.

²The Thirty-Fifth Interim Period encompasses October 1, 2009 through December 31, 2009 (the “Application Period”).

Application Period.

3. Blackstone Advisory Services L.P. (“Blackstone”) was retained as financial advisor to the Debtors. Blackstone seeks approval of a flat fee totaling \$200,000.00³ and expenses totaling \$3,193.82 for its services during the Application Period.

4. BMC Group (“BMC”) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. BMC seeks approval of fees totaling \$69,869.50 and expenses totaling \$25,274.13 for its services during the Application Period.

5. Campbell & Levine, LLC (“Campbell & Levine”), was retained as Delaware and associated counsel to the Official Committee of Asbestos Personal Injury Claimants. Campbell & Levine seeks approval of fees totaling \$93,635.50 and expenses totaling \$15,199.97 for its services during the Application Period.

6. Capstone Advisory Group, LLC (“Capstone”), was retained as financial advisor to the Official Committee of Unsecured Creditors. Capstone seeks approval of fees totaling \$157,517.50 and expenses totaling \$809.68 for its services during the Application Period.

7. Casner & Edwards, LLP (“Casner”), was retained as special litigation counsel to the Debtors. Casner seeks approval of fees totaling \$42,852.00 and expenses totaling \$41,671.09 for its services during the Application Period.

8. Charter Oak Financial Consultants, LLC (“Charter Oak”), was retained as financial advisor to the Official Committee of Asbestos Personal Injury Claimants. Charter Oak seeks approval of fees totaling \$74,236.50 and expenses totaling \$156.00 for its services during the

³For the Application Period, Blackstone lists 293.80 hours worked, which computes to an effective hourly rate of \$680.73.

Application Period.

9. Day Pitney LLP (“Day Pitney”) was retained as special counsel to the Debtors. Day Pitney seeks approval of fees totaling \$23,118.50 and no expenses for its services during the Application Period.

10. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”), was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. Ferry Joseph seeks approval of fees totaling \$72,712.50 and expenses totaling \$4,651.73 for its services during the Application Period.

11. Holme Roberts & Owen, LLP (“Holme”), was retained as special environmental counsel to the Debtors. Holme seeks approval of fees totaling \$2,656.00 and expenses totaling \$1,408.04 for its services for the period of April 1, 2009 through June 30, 2009 (the “Thirty-Third Interim Period”).

12. Kramer Levin Naftalis & Frankel LLP (“Kramer Levin”) was retained as co-counsel to the Official Committee of Equity Holders. Kramer Levin seeks approval of fees totaling \$68,306.75 and expenses totaling \$3,366.52 for its services during the Application Period.

13. Legal Analysis Systems, Inc. (“LAS”), was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. LAS seeks approval of fees totaling \$15,257.00 and no expenses for its services during the Application Period.

14. Lincoln Partners Advisors LLC (“Lincoln”) was retained as financial advisor to David T. Austern, Future Claimants’ Representative. Lincoln seeks approval of fees totaling

\$50,000.00⁴ and expenses totaling \$251.49 for its services during the Thirty-Fourth Interim Period.⁵

Lincoln was retained by order of the Court entered November 18, 2009, *nunc pro tunc* to September 1, 2009.^{6,7}

15. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. Nelson Mullins seeks approval of fees totaling \$780.00 and expenses totaling \$0.08 for its services for the Thirty-Third Interim Period.

16. Ogilvy Renault LLP (“Ogilvy Renault”) was retained as special counsel to the Debtors and Debtors-in-Possession in Canada. Ogilvy Renault seeks approval of fees totaling CDN\$160,053.50⁸ and expenses totaling CDN\$1,235.79 for its services during the Application Period.

17. Orrick, Herrington & Sutcliffe LLP (“Orrick”) was retained as bankruptcy counsel

⁴For the Thirty-Fourth Interim Period, Lincoln lists 89 hours worked, which computes to an effective hourly rate of \$561.80.

⁵The Thirty-Fourth Interim Period encompasses July 1, 2009 through September 30, 2009.

⁶Lincoln took the place of Piper Jaffray & Company and Tre Angeli LLC as financial advisor to the Future Claimants’ Representative. Pursuant to the terms of Lincoln’s retention, Lincoln is to receive a fee of up to \$50,000.00 for each of the months of September and October 2009 and up to \$75,000.00 per month thereafter. Lincoln’s fee request does not exceed the amount of fees authorized in its retention order, and thus we have no objection to Lincoln’s fees on that basis.

⁷This Application filed by Lincoln at Docket No. 24834 on May 25, 2010 is a corrected application for the Thirty-Fourth Interim Period filed for the purpose of correcting an incorrect application period and incorrect amounts set forth in the original application filed at Docket No. 24565 on April 5, 2010. In this corrected application, Lincoln requests a smaller amount of fees and expenses than it requested in the original application.

⁸Consistent with Ogilvy Renault’s Application, all dollar amounts in this report pertaining to Ogilvy Renault are in CDN dollars, unless otherwise indicated.

to David T. Austern, future claimants' representative. Orrick seeks approval of fees totaling \$1,091,059.75 and expenses totaling \$45,541.09 for its services during the Application Period.

18. Pachulski Stang Ziehl & Jones LLP ("Pachulski"), was retained as counsel to the Debtors. Pachulski seeks approval of fees totaling \$137,312.50 and expenses totaling \$128,237.71 for its services during the Application Period.

19. PricewaterhouseCoopers LLP ("PwC") was retained as auditors and tax consultants to the Debtors and Debtors-in-Possession. PwC seeks approval of fees totaling \$719,552.43 and expenses totaling \$21,725.48 for its services during the Application Period.

20. Protiviti Inc. ("Protiviti") was retained as Sarbanes-Oxley compliance advisor to the debtors. Protiviti seeks approval of fees totaling \$10,080.00 and expenses totaling \$10,201.60 for its services during the Application Period.

21. Reed Smith LLP ("Reed Smith") was retained as special asbestos products liability defense counsel to the Debtors. Reed Smith seeks approval of fees totaling \$81,097.50 and expenses totaling \$17,991.64 for its services during the Application Period.

22. Alan B. Rich ("Alan Rich") was retained as counsel to the Honorable Alexander M. Sanders, Jr., Legal Representative for Future Asbestos-Related Property Damage Claimants. Alan Rich seeks approval of \$65,280.00 in fees and \$2,541.51 in expenses for his services during the Application Period.

23. The Honorable Alexander M. Sanders, Jr. ("Judge Sanders"), was retained as the Legal Representative for Future Asbestos-Related Property Damage Claimants. Judge Sanders seeks approval of fees totaling \$22,995.00 and expenses totaling \$1,373.21 for his services during the Application Period.

24. Saul Ewing LLP (“Saul Ewing”) was retained as co-counsel to the Official Committee of Equity Holders. Saul Ewing seeks approval of fees totaling \$60,202.50 and expenses totaling \$946.66 for its services during the Application Period.⁹

25. Steptoe & Johnson LLP (“Steptoe”) was retained as special tax counsel to the Debtors. Steptoe seeks approval of fees totaling \$19,962.00 and expenses totaling \$97.36 for its services from July 1, 2009 through September 30, 2009 (the “Thirty-Fourth Interim Period”) and fees totaling \$6,008.00 and expenses totaling \$29.87 for its services during the current Application Period.

26. Stroock & Stroock & Lavan LLP (“Stroock”) was retained as counsel to the Official Committee of Unsecured Creditors. Stroock seeks approval of fees totaling \$617,534.75 and expenses totaling \$26,074.41 for its services during the Application Period.

27. Towers Perrin Tillinghast (“Towers Perrin”) was retained as actuarial consultant to David T. Austern, Future Claimants Representative. Towers Perrin seeks approval of fees totaling \$12,933.00 and no expenses for its services during the Application Period.

28. Tre Angeli LLC (“Tre Angeli”) was retained as financial advisor to David T. Austern, legal representative for future asbestos claimants. Tre Angeli seeks a flat fee of \$100,000.00¹⁰ and

⁹We noted that Saul Ewing’s fees for fee application preparation, when calculated cumulatively over the course of its involvement in the case, computed to 5.8% of its total fees. Although this amount exceeds the 5% guideline for fee application preparation set by a number of courts, we also noted that Saul Ewing prepared its fee applications efficiently by utilizing the services of a lower billing paralegal for approximately 73% of the time devoted to this task. Thus, we have no objection to Saul Ewing’s fees for the current Application Period, but will continue to monitor its fee application preparation fees in future applications and recommend reductions as appropriate.

¹⁰For the Application Period, Tre Angeli lists 121.00 hours worked, which computes to an effective hourly rate of \$826.45.

expenses totaling \$288.64 for its services during the Thirty-Fourth Interim Period.

29. Woodcock Washburn LLP ("Woodcock Washburn") was retained as special litigation counsel to the Debtors. Woodcock Washburn seeks approval of fees totaling \$26,818.50 and expenses totaling \$1,388.00 for its services during the Application Period.

30. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2010, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

31. We have no objections to or issues with, any of the Applications, with the exception of certain *de minimis* issues as explained in the following paragraph and corresponding footnotes.

CONCLUSION

32. In summary, for the Application Period, we recommend approval of the following fees and expenses for these Applicants:

- a. Beveridge & Diamond - \$37,298.50 in fees and \$216.14 in expenses;
- b. Bilzin Sumberg - \$54,751.50 in fees and \$33,727.16 in expenses;

- c. Blackstone - \$200,000.00 in fees and \$3,193.82 in expenses;
- d. BMC - \$69,869.50 in fees and \$25,274.13 in expenses;
- e. Campbell & Levine - \$93,591.50 in fees (\$93,635.50 minus \$44.00¹¹) and \$15,199.97 in expenses;
- f. Capstone - \$157,517.50 in fees and \$809.68 in expenses;
- g. Casner - \$42,852.00 in fees and \$41,671.09 in expenses;
- h. Charter Oak - \$74,236.50 in fees and \$156.00 in expenses;
- i. Day Pitney - \$23,118.50 in fees;
- j. Ferry Joseph - \$72,675.00 in fees (\$72,712.50 minus \$37.50¹²) and \$4,651.73 in expenses;
- k. Holme - \$2,656.00 in fees and \$1,408.04 in expenses for the Thirty-Third Interim Period;
- l. Kramer Levin - \$68,306.75 in fees and \$3,366.52 in expenses;
- m. LAS - \$15,257.00 in fees;
- n. Lincoln - \$50,000.00 in fees and \$251.49 in expenses for the Thirty-Fourth Interim Period;
- o. Nelson Mullins - \$780.00 in fees and \$0.08 in expenses for the Thirty-Third Interim Period;
- p. Ogilvy Renault - CDN\$160,053.50 in fees and CDN\$1,235.79 in expenses;

¹¹This reflects a recommended reduction of \$44.00 to correct an overcharge on one of Campbell & Levine's time entries, to which reduction the applicant has agreed.

¹²This reflects a recommended reduction of \$37.50 to correct an overcharge on one of Ferry Joseph's time entries, to which reduction the applicant has agreed.

- q. Orrick - \$1,091,059.75 in fees and \$45,541.09 in expenses;
- r. Pachulski - \$137,312.50 in fees and \$128,237.71 in expenses;
- s. PwC - \$719,476.21 in fees (\$719,552.43 minus \$76.22¹³) and \$21,725.48 in expenses;
- t. Protiviti - \$10,080.00 in fees and \$10,201.60 in expenses;
- u. Reed Smith - \$81,097.50 in fees and \$17,991.64 in expenses;
- v. Alan Rich - \$65,280.00 in fees and \$2,541.51 in expenses;
- w. Judge Sanders - \$22,995.00 in fees and \$1,373.21 in expenses;
- x. Saul Ewing - \$60,202.50 in fees and \$946.66 in expenses;
- y. Steptoe & Johnson - \$19,962.00 in fees and \$97.36 in expenses for the Thirty-Fourth Interim Period; and \$6,008.00 in fees and \$29.87 in expenses for the current Application Period;
- z. Stroock - \$617,534.75 in fees and \$26,074.41 in expenses;
- aa. Towers Perrin - \$12,933.00 in fees;
- bb. Tre Angeli - \$100,000.00 in fees and \$288.64 in expenses; and
- cc. Woodcock Washburn - \$26,818.50 in fees and \$1,388.00 in expenses.

¹³This reflects a recommended reduction of \$76.22 for time entries which PwC agreed should have been billed at a clerical rate.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 28th day of May, 2010.



Warren H. Smith

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FEE AUDITOR'S FINAL REPORT - Page 12
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